
THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS

FINANCIAL STATEMENTS

DECEMBER 31, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

7/28/10



Postlethwaite
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THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS

FINANCIAL STATEMENTS

DECEMBER 31, 2009

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INDEPENDENT AUDITORS' REPORT

To the Finance Committee of
The Downtown Development District
of the City of New Orleans

We have audited the financial statements of the governmental activities, each major fund, and the remaining fund information of The Downtown Development District of the City of New Orleans (the District), a component unit of the City of New Orleans as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the remaining fund information of the District, as of December 31, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages v through ix and the Budgetary Comparison Information on page 25, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The other supplementary information identified as Exhibits A, B, C and D is presented for purposes of additional analysis and is not a required part of the accompanying financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Postlethwaite + Nettenville

New Orleans, Louisiana
June 30, 2010

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS

This report offers readers of these financial statements an overview and analysis of the financial activities of The Downtown Development District of the City of New Orleans (the District). This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the District's financial position, identify any material deviations from the approved budget documents, and identify individual fund issues or concerns.

FINANCIAL HIGHLIGHTS

Liabilities exceeded assets at the close of the most recent fiscal year by \$1,578,208 as outlined on the statement of net assets.

The District's total net assets decreased by \$567,521 during 2009, as compared to a decrease of \$408,665 in the prior year. The decrease in net assets was primarily related to decreases in ad valorem taxes and interest income for 2009 compared to 2008. In addition, the District received a state appropriation of \$255,000 in 2008. No appropriation was received in 2009. Total general revenues decreased \$780,692 from 2008 to 2009.

As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$5,545,330, a decrease of \$783,045 from the prior year balance of \$6,328,375. Of the total fund balances, \$307,940 was designated for the Canal Street and District-wide projects and \$273,869 was reserved for debt service. Balances that are reserved indicate that they are not available for new spending because they have already been committed to: (1) liquidation of contracts and purchase orders of the prior period, (2) payment of debt service, and (3) legal appropriations in the 2009 operating budget. The remaining fund balance of \$4,963,521 was undesignated.

The District's management believes that GASB 34 financial statements, also referred to as government-wide financial statements, provide more useful and complete information because these statements show not only the short-term results of operations (How much did fund balance change this year? How much is available to spend?), but also the long-term financial picture (How much has been spent on assets that will provide benefits in future years? What long-term financial commitments have been made?).

Government-Wide Financial Statements

The government-wide financial statements on pages 1 through 3 are designed to be similar to private-sector business. These statements combined the District's current financial resources with capital assets and long-term obligations.

The Statement of Net Assets on pages 1 and 2 presents information of all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the District is improving or declining.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Activities on page 3 presents information showing how the District's assets changed during the most recent fiscal year. All changes in net assets are reported on an accrual basis, which requires that all changes be recorded as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, uncollected taxes and earned but unused vacation leave result in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities, which are provided by the District's ad valorem taxes and other revenues. This is intended to summarize information and simplify the user's analysis of the cost of various governmental services.

The governmental activities reflect the District's basic services including public space maintenance (cleaning, sign maintenance, and beautification), public safety (law enforcement, homelessness and code enforcement/quality of life), public safety rangers (public safety assistance and pedestrian and tourism information) marketing (special events, advertising, public relations, communications), economic development (revitalization, business retention and geographic information system) and capital improvements (pedestrian signage, sidewalk replacement reimbursements, facade improvement and transportation). These services are financed primarily with property tax assessments and bonding (debt services) activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is now on major funds, rather than various fund types.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The District's governmental funds on pages 4 and 6 are presented on a sources and uses basis. This is the manner in which the financial plan is typically developed excluding certain timing differences between the budget basis and accounting principles generally accepted in the United States of America.

Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's current financing requirements.

The District has presented the general and the debt service funds as major funds. The other governmental fund is the blended component unit (Downtown Development Unlimited) of the District.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
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MANAGEMENT'S DISCUSSION AND ANALYSIS

The governmental funds total column requires reconciliation because of the different measurement focus, which is reflected on the page following each statement (see pages 5 and 7). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources, as well as capital expenditures and bond principal payments as expenditures. The reconciliation eliminates these transactions and incorporates the capital assets and long-term obligations into the government-wide financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found on pages 8 through 27 of the accompanying audit report.

Other Information

Required supplementary information can be found in pages 31 through 34 of this report. The supplementary sections are included for additional information and analysis and do not constitute a part of the audited financial statements.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, undesignated fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

Final Amended Budget

The final budget and actual comparisons are on page 25. The final budget and actual comparisons are on page 25. The variations in the budget versus the actual balances reflect non-receipt of anticipated revenues resulting in a negative variance of \$527,101 in revenues. This variance is due primarily to delay in reimbursements from federal agencies and a shortfall in sponsorship and grants. FEMA reimbursements were \$155,900 less than estimated, while the EDA grant generated an unexpected \$116,300 and the LADOTD reimbursement of \$92,000 was delayed until 2010. Anticipated sponsorships were not achieved, resulting in a shortage of \$405,000 in revenues.

In total, actual expenditures were \$2,096,538 less than the final budget amounts. This decrease can be attributed to the following reductions in expenditures: \$256,775 in banners replacement, holiday lighting and other street furnishing expenses; \$280,495 in unresolved reimbursements to the City on Canal Streetscape Project and \$91,008 in Sidewalk Improvement funds not utilized; \$1,000,000

THE DOWNTOWN DEVELOPMENT DISTRICT OF
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MANAGEMENT'S DISCUSSION AND ANALYSIS

budgeted in Economic Development for District Wide Development of a parking structure or other such public facility; \$84,750 for branding and planning activities in Economic Development which were initiated at a later time than anticipated; \$56,377 in savings by not producing as many Breakfast briefings and other events as originally envisioned; \$94,866 in funding for research and branding which was delayed due to project inception occurring later than planned; and \$85,306 in payroll savings due to some positions not being filled for parts of the year.

Capital Asset and Debt Administration

At December 31, 2009 and 2008, the District had \$268,679 and \$189,780 respectively, invested in capital assets, net of accumulated depreciation consisting principally of office equipment and leasehold improvements. See page 18 of the notes to the financial statements for a detail composition of capital assets.

At December 31, 2009, the District had total bond debt outstanding of \$5,910,000 compared with \$6,125,000 at December 31, 2008. The annual payment of principal of \$215,000 on outstanding bonds was the sole source for the change in this balance. The District also incurred new debt of \$158,458 as part of a Cooperative Endeavor Agreement with the State of Louisiana. See page 22 of the notes to the financial statements for a description of the outstanding debt.

Economic Factors and Next Year's Budget and Rates

There are several uncertainties, although less than in the previous two years, with the District as well as the City of New Orleans related to property tax revenue during the next several years. The District will continue to budget property tax revenue with the latest information available from the City of New Orleans. The District foresees sufficient revenues to allow for addressing its primary objectives and continuing development of new programs as needed.

Significant Events

The District has largely recovered from the physical effects of Hurricane Katrina and is entering a phase of residential growth and economic diversification. Under the leadership of the Board of Commissioners the DDD has adopted a strategic plan that targets *Industries of the Mind* and the creative class. The District's *iMinds* initiative is designed to emphasize the attractiveness of Downtown to those individuals involved in the *Industries of the Mind* and to attract additional bioscience, digital media & arts-based businesses to Downtown. A major achievement in this area in 2009 was the securing of a two-year, \$750,000 grant from the Economic Development Administration of the U.S. Department of Commerce to enable the DDD to do market research to understand the preferences of the creative class with respect to residential options, transportation, public plazas, etc. For the first time ever, a survey of visual depictions was utilized in this type of place based marketing research. Based upon this and related research, the DDD has embarked upon a branding effort to promote the qualities of Downtown that make this a magnet for *Industries of the Mind*.

During 2009 the District saw a significant increase in the number of residential units available, there

THE DOWNTOWN DEVELOPMENT DISTRICT OF
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MANAGEMENT'S DISCUSSION AND ANALYSIS

was robust activity on the Canal St. retail front, and the planning and design of the University and Veterans Affairs medical centers continued, while construction of the New Orleans BioInnovation Center and Cancer Research Center continued to strengthen Downtown's bioscience industry.

Contacting the District's Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the administration at 201 St. Charles Avenue, Suite 3912, New Orleans, Louisiana 70170-3912 or 504-561-8927.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
STATEMENT OF NET ASSETS
DECEMBER 31, 2009

ASSETS

CURRENT ASSETS

Unrestricted:

Cash and temporary cash investments	\$ 4,541,299
Ad valorem taxes receivable, net	1,187,940
Due from other governments	486,325
Prepaid expenses	70,634
Deferred charges	<u>3,750</u>

Total unrestricted current assets	<u>6,289,948</u>
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Restricted:

Temporarily restricted:	
Cash and temporary cash investments	<u>273,869</u>

Total restricted current assets	<u>273,869</u>
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<u>TOTAL CURRENT ASSETS</u>	<u>6,563,817</u>
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NONCURRENT ASSETS

Capital assets (net)	268,679
Deferred charges	<u>58,482</u>

<u>TOTAL NONCURRENT ASSETS</u>	<u>327,161</u>
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<u>TOTAL ASSETS</u>	<u>\$ 6,890,978</u>
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THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
STATEMENT OF NET ASSETS, CONTINUED
DECEMBER 31, 2009

<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts payable and current liabilities	\$ 571,300
Compensated absences payable	41,424
Bonds payable	225,000
Due to other governments	38,369
Due to primary government	<u>307,940</u>
Total current liabilities	<u>1,184,033</u>
<u>NONCURRENT LIABILITIES</u>	
Bonds payable	5,685,000
Other long-term liabilities	<u>1,600,153</u>
Total noncurrent liabilities	<u>7,285,153</u>
<u>TOTAL LIABILITIES</u>	<u>8,469,186</u>
<u>NET ASSETS</u>	
Invested in capital assets, net	268,679
Restricted for debt service	273,869
Unrestricted	<u>(2,120,756)</u>
<u>TOTAL NET ASSETS</u>	<u>\$ (1,578,208)</u>

The accompanying notes are an integral part of the financial statements.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Functions</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenues and Changes in Net Assets</u>
Administration	\$ 929,556	\$ -	\$ -	\$ 32,675	\$ (896,881)
Marketing and promotions	515,782	-	8,508	-	(507,274)
Public space operations	2,422,836	-	304,637	-	(2,118,199)
Public safety	1,149,031	-	48,712	-	(1,100,319)
Economic development	580,358	-	116,307	-	(464,051)
Canal/District-wide	280,495	-	-	-	(280,495)
Interest on long-term debt	316,918	-	-	-	(316,918)
Total activities	<u>\$ 6,194,976</u>	<u>\$ -</u>	<u>\$ 478,164</u>	<u>\$ 32,675</u>	<u>(5,684,137)</u>
<u>General Revenue</u>					
Ad valorem taxes					5,056,871
Interest on Ad valorem tax investments					32,907
Interest on bond investments					3,552
Interest on bank accounts					1,087
Other					22,199
Total general revenues					<u>5,116,616</u>
<u>Change in Net Assets</u>					<u>(567,521)</u>
<u>Net Assets, Beginning of Year</u>					<u>(1,010,687)</u>
<u>Net Assets, End of Year</u>					<u>\$ (1,578,208)</u>

The accompanying notes are an integral part of the financial statements.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2009

ASSETS

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash:				
Cash and temporary cash investments	\$ 214,914	\$ -	\$ 6,560	\$ 221,474
Cash and temporary cash investments held by the Board of Liquidation (unrestricted)	4,084,168	-	-	4,084,168
Cash and temporary cash investments held by the Board of Liquidation (restricted)	-	273,869	-	273,869
Held by the City of New Orleans	235,657	-	-	235,657
Receivables				
Ad valorem taxes (net of allowance for uncollectible taxes of \$91,430)	1,187,940	-	-	1,187,940
Due from other governments	474,754	-	-	474,754
Other receivables	11,571	-	-	11,571
Prepaid expenses	70,634	-	-	70,634
<u>TOTAL ASSETS</u>	<u>\$ 6,279,638</u>	<u>\$ 273,869</u>	<u>\$ 6,560</u>	<u>\$ 6,560,067</u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts and other payables	\$ 571,300	\$ -	\$ -	\$ 571,300
Due to the City of New Orleans, net	307,940	-	-	307,940
Due to other governments	38,369	-	-	38,369
Deferred revenues	97,128	-	-	97,128
<u>TOTAL LIABILITIES</u>	<u>\$ 1,014,737</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,014,737</u>

FUND BALANCES

Reserved for Canal Street/District-wide projects	\$ 307,940	\$ -	\$ -	\$ 307,940
Reserved for debt service	-	273,869	-	273,869
Undesignated	4,956,961	-	6,560	4,963,521
<u>TOTAL FUND BALANCES</u>	<u>\$ 5,264,901</u>	<u>\$ 273,869</u>	<u>\$ 6,560</u>	<u>\$ 5,545,330</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 6,279,638</u>	<u>\$ 273,869</u>	<u>\$ 6,560</u>	<u>\$ 6,560,067</u>

The accompanying notes are an integral part of the financial statements.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS OF THE GOVERNMENTAL ACTIVITIES
AS OF DECEMBER 31, 2009

TOTAL GOVERNMENTAL FUND BALANCES

\$ 5,545,330

Amounts reported for governmental activities in statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Less: accumulated depreciation

\$ 560,109	
<u>(291,430)</u>	268,679

Revenues in the governmental funds that do not provide current financial resources are reported as revenues in the statements of activities

97,128

Long-term liabilities are not due and payable in current year and therefore not reported in the governmental funds:

Compensated absences

Bonds payable

Other long-term liabilities

\$ (41,424)	
(5,910,000)	
<u>(1,600,153)</u>	(7,551,577)

Add: deferred charges for bond issuance costs

62,232

NET ASSETS

\$ (1,578,208)

The accompanying notes are an integral part of the financial statements.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Ad valorem taxes, net of collection fees of \$207,663	\$ 5,056,871	\$ -	\$ -	\$ 5,056,871
Intergovernmental	257,656	-	-	257,656
Interest on investments	36,459	-	-	36,459
Interest on cash and temporary cash investments	1,083	-	4	1,087
Other	187,644	-	-	187,644
<u>TOTAL REVENUES</u>	<u>5,539,713</u>	<u>-</u>	<u>4</u>	<u>5,539,717</u>
<u>EXPENDITURES</u>				
Administration	923,300	-	201	923,501
Marketing and promotions	509,684	-	-	509,684
Public space operations	2,394,196	-	-	2,394,196
Public safety	1,135,843	-	-	1,135,843
Economic development	573,497	-	-	573,497
Canal/District-wide	280,495	-	-	280,495
Capital outlays	132,087	-	-	132,087
Principal on bonds	-	215,000	-	215,000
Interest on long-term debt	-	316,918	-	316,918
<u>TOTAL EXPENDITURES</u>	<u>5,949,102</u>	<u>531,918</u>	<u>201</u>	<u>6,481,221</u>
<u>EXCESS OF REVENUE(DEFICIT) OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES(USES)</u>	<u>(409,389)</u>	<u>(531,918)</u>	<u>(197)</u>	<u>(941,504)</u>
Other financing sources (uses):				
Debt proceeds	158,459	-	-	158,459
Operating transfer out	(531,918)	-	-	(531,918)
Operating transfer in	-	531,918	-	531,918
Other financing sources (uses)	<u>(373,459)</u>	<u>531,918</u>	<u>-</u>	<u>158,459</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(782,848)</u>	<u>-</u>	<u>(197)</u>	<u>(783,045)</u>
<u>FUND BALANCES BEGINNING OF THE YEAR</u>	<u>6,047,749</u>	<u>273,869</u>	<u>6,757</u>	<u>6,328,375</u>
<u>END OF THE YEAR</u>	<u>\$ 5,264,901</u>	<u>\$ 273,869</u>	<u>\$ 6,560</u>	<u>\$ 5,545,330</u>

The accompanying notes are an integral part of the financial statements.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$ (783,045)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds		87,738
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital outlays	\$ 132,087	
Depreciation expense	<u>(62,419)</u>	69,668
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
New long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.		
Other long term-liabilities	\$ (158,458)	
Compensated absences	1,581	
Payments on capital lease	3,745	
Amortization of bond issue costs	(3,750)	
Payments on bonds payable	<u>215,000</u>	<u>58,118</u>
Change in net assets		<u>\$ (567,521)</u>

The accompanying notes are an integral part of the financial statements.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Background

Act 498 of 1974 as amended and reenacted by Act 124 of 1977 of the State of Louisiana Legislature effective January 1, 1975, created a special taxing district designated "the Core Area Development District of the City of New Orleans", comprised of all the territory within the following prescribed boundaries:

The point of beginning shall be at the intersection of the east bank of the Mississippi River and the Mississippi River Bridge approaches and Pontchartrain Expressway; thence continuing along the upper line of the Pontchartrain Express right-of-way less and except ramp areas, and in a northwesterly direction to Lake Pontchartrain side right-of-way line of Claiborne Avenue; thence northeasterly along the lake side of said right-of-way of Claiborne Avenue to the lower right-of-way of Iberville Street; thence along the said lower right-of-way line of Iberville Street to the east bank of said to the upper right-of-way line of the Mississippi River Bridge approaches and Pontchartrain Expressway, being the point of beginning.

Act 307 of the State of Louisiana Legislature effective July 10, 1978, changed the name of the District to The Downtown Development District of the City of New Orleans.

Act 498 and 124 also created a Board of Commissioners for The Downtown Development District of the City of New Orleans (the District) composed of eleven members for governance of the District.

The Financial Reporting Entity

Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, (GASB 14) established standards for defining and reporting on the financial entity. GASB 14 indicates the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special purpose government that meets all of the following criteria: a) has a separately elected governing body, b) is legally separate, and c) is fiscally independent of other state and local governments.

As previously discussed, state statute established the District as a separate, legal entity with a governing body which is separate and independent of any other governmental "reporting entity", as defined by GASB 14. However, the District is dependent primarily on real estate tax assessments to conduct its business.

For financial reporting purposes, the District is a component unit of the City of New Orleans. As such, the financial statements of the District are included in the financial statements of the City of New Orleans. All activities of the District are included in this report.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

In addition, the financial reporting entity consists of the District and its blended component unit. A blended component unit is a legally separate organization for which the District is financially accountable. Financial accountability is present if the District appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District.

Blended Component Unit

The Downtown Development Unlimited (DDU), a 501(c)(3) non-profit corporation without capital stock is blended with the District for financial statement purposes because the component unit's governing body is comprised of the Executive Committee of the District and because the component unit exclusively serves the District. The financial statements of this blended component unit may be obtained from the District's office.

This corporation was organized for and to carry on the following purposes:

To establish a permanent promotional program pointed towards a progressive and dynamic central downtown New Orleans; to preserve and expand central downtown New Orleans as a regional business and shopping area for the general benefit of the metropolitan area of New Orleans, and its surrounding markets; to cooperate with all members of the corporation through group action on common problems, and to cooperate with the City Council of the City of New Orleans, other governmental bodies, civic organizations, and other interested groups or individuals, in solving the civic, business and commercial problems of the City of New Orleans, to alleviate parking problems and other problems resulting from congestion; to improve the appearance of the central downtown area; and generally to promote, aid and assist in developing a better central downtown New Orleans for the use and benefit of everyone.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments and special districts. The following is a summary of the more significant accounting policies:

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all activities of the District and its blended component unit. The effect of the interfund activity has been removed from these financial statements.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

The District's Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational requirements of a particular segment. Ad valorem taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the District's governmental funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The District's government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Those revenues susceptible to accrual, such as property taxes, are recorded as revenue in the year for which they are levied except for taxes paid under protest. These taxes are recorded as deferred revenues until they become available.

Interest on delinquent taxes and earned on checking accounts is recorded as revenue when received in cash by the Board of Liquidation, City Debt (the Board) or the District because it is generally not measurable in relation to delinquent taxes or available in relation to checking accounts. Interest on investments is recorded as revenue when earned. The Board is a component unit of the City of New Orleans. The Board has exclusive control and direction of all matters relating to bonded debt of the City of New Orleans.

In addition, the Board manages the investment activity of the District's bond proceeds and tax collection funds.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Miscellaneous contributions for projects are recognized as revenues in the period received by the District or the City of New Orleans on behalf of the District. When the contribution is provided as a direct funding of a project, such amounts are recognized as revenue when the related costs are incurred.

The District reports the following major governmental funds:

The General Fund - is the District's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.

The Debt Service Fund - accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the District.

The District has adopted the provisions of GASB 33 (*Accounting and Financial Reporting for Non-Exchange Transactions*) effective for fiscal years that began after June 15, 2000.

Under GASB 33 standards, the District recognizes assets, liabilities, revenues and expenses under its government mandated and voluntary non-exchange transactions as follows:

- The District recognizes assets and liabilities when all applicable eligibility requirements are met or resources received, whichever is first;
- Revenue and expenses are recognized when all applicable, eligibility requirements are met;
- For transactions with time requirements, resources received prior to the satisfaction of the time requirement(s) are recorded by the District as revenue upon award.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying event occurs.

Legal Compliance - Budgets

The District follows the procedures prescribed by Act 478 as amended by the State of Louisiana Legislature effective January 1, 1997. Relevant portions of those procedures are:

- The Board of Commissioners of the District shall prepare, or cause to be prepared, a plan or plans specifying the public improvements, facilities and services proposed to be furnished, constructed or acquired for the District.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

Legal Compliance – Budgets (continued)

- Any plan shall include (a) an estimate of the annual and aggregate cost of acquiring, constructing or providing the services, improvements or facilities set forth therein; (b) the proportion of tax to be levied on the taxable real property within the District which is to be set aside and dedicated to pay the cost of furnishing specified services, and the proportion of such tax to be set aside and dedicated to pay the cost of capital improvements or pay the cost of debt service on any bonds to be issued to pay the cost of capital improvements; and c) an estimate of the aggregate number of mills required to be levied in each year on the taxable real property within the District to provide the funds required for implementation of the plan.
- After completion, the plan shall be submitted to the Planning Commission of the City of New Orleans for review. The Planning Commission must submit the plan to the City Council within thirty (30) days of receipt thereof, together with its written comments and recommendations.
- The City Council may by a majority of its members accept or reject the plan based upon its consistency with the City's overall plan. If accepted, the plan may be implemented.
- Upon acceptance, the plan budget and the appropriation of funds for its implementation are incorporated by the City of New Orleans into its normal budget process. Under this process, appropriations for the District's "Service" operations (operating budget) expire at year end, except for amounts the City has encumbered on behalf of the District. Such amounts are carried forward until they are cleared. Appropriations for capital outlays (capital budget) continue in force until the project is completed or cancelled normally and the City Council passes an ordinance of resolution to close.

The District, through ordinances approved by the City Council, can amend the budget at its discretion.

Cash and Temporary Cash Investments

Cash and temporary cash investments include amounts in demand deposit accounts as well as short-term cash investments.

Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Office's investment policy. Louisiana Revised Statute (R.S.) 33:2955 authorizes the Office to invest in (1) direct obligations of the United States Treasury, the principal and interest of which are fully guaranteed by the federal government, (2) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. government instrumentalities, (3) direct security repurchase agreements of any federal book entry only securities, (4) time certificates of deposits of state banks organized under the laws of Louisiana and national banks having their principal offices in the state

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

Investments (continued)

of Louisiana, savings accounts or shares of savings and loan associations, (5) in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies, or (6) guaranteed investment contracts issued by a bank, financial institution, insurance company or other entity having one of the two highest short-term rating categories of either Standard & Poor's Corporation or Moody's Investors Service, provided that no such investment may be made except in connection with a financial program approved by the State Bond Commission.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are stated at fair value as determined by quoted market prices; except that short-term, highly liquid investments that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost.

Discounts and/or premiums on investment purchases are amortized over the life of the investment.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible taxes is \$91,000 at December 31, 2009 and 2008.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund level financial statements.

Deferred Charges

Deferred charges reflect costs incurred that are applicable to future accounting periods. Such costs are capitalized and amortized over the benefit period.

Capital Assets

The District's capitalization policy requires that all single assets costing \$500 or more be capitalized and depreciated over their useful lives. Single assets costing less than \$500 are expensed. All assets regardless of costs are tracked by the District.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

Capital Assets (continued)

The straight-line method of depreciation is used for all classes of capital assets, and the allocation of depreciation expense begins on the first day of the nearest month of the year in which the capital asset is purchased. Based on its own experience, the District established the following estimated useful lives for each asset class:

<u>Assets</u>	<u>Estimated Useful Lives</u>
Public Works	5 - 7 years
Motor Vehicles	5 years
Computer Equipment	3 - 5 years
Office Equipment	7 years
Office Furniture and Fixtures	7 years
Promotional Equipment	5 years
Computer Software	3 years

All capital assets acquired or donated are valued at historical cost or estimated historical cost if actual historical cost is not available.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are recorded as expenditures.

Capital Leases

Leases meeting the criteria of a capital lease are recorded at inception of the expenditure and other financing uses in the governmental fund. The assets and related liabilities are recorded in the government-wide financial statements at the present value of the future minimum lease payments using the prime interest rate plus one percent or, if available, the interest rates stated in the lease.

Long-term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund level financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

Compensated Absences

Employees generally receive Paid Time Off (PTO), which can be used for vacation or for sick leave, at the following levels: full time employees employed six through twelve months receive fifteen (15) days; full time employees employed one through five years receive twenty (20) days; full-time employees employed six through ten years receive twenty-five (25) days; full time employees employed eleven years through nineteen years receive thirty (30) days; and full-time employees employed for twenty or more years receive forty (40) days. All earned PTO pay is fully vested. PTO can be accumulated and carried forward up to twenty (20) days each year end.

While PTO is accrued when earned for government-wide financial statements, it is recognized when paid in the governmental fund financial statements.

Net Assets

Net assets are displayed in three components in the government-wide financial statements:

Invested in capital assets, net - consists of capital assets, net of accumulated depreciation;

Restricted net assets - consists of net assets with constraints placed on use by law through constitutional provisions or enabling legislation.

Certain proceeds of the District's ad valorem taxes set aside for debt service payments are classified as restricted assets on the balance sheet because they are maintained in a separate bank account and their use is limited by applicable bond covenants.

Unrestricted net assets - consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of accumulated depreciation."

Fund Balance

In the fund level financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Employee Benefits

The District has a defined contribution retirement plan and whole life insurance for its employees. The contribution to the retirement plan is discretionary. These benefits are recognized when paid.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. Deposits and Investments

Deposits

At December 31, 2009, the carrying amount of the District's deposits was \$518,908 and the bank balance was \$288,322. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Under state law, all deposits are secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the District's name. Of these amounts, \$256,560 is covered by federal deposit insurance and \$635,115 is collateralized by a pledge of securities owned by the depository bank and held in safekeeping by other financial institutions in the District's name.

Cash and temporary cash investments held by the Board at December 31, 2009 was \$273,869. Restricted cash and temporary cash investments at December 31, 2009, consisted of amounts held for debt service obligations and funds held in escrow by the City of New Orleans for tax payments.

Investments

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state and national banks having their principal offices in Louisiana or any other federally insured investment.

At December 31, 2009, the Board of Liquidation (the Board) as fiscal agent of the District held on their behalf, cash and temporary cash investments, including restricted cash, in the amount of \$273,869 and unrestricted cash and money market accounts of \$4,084,168.

Investments – Interest rate risk

Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages interest rate risk for investments by limiting the maximum maturity of its investments to the expected cash flow needs for bond principal and interest payments.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

2. Deposits and Investments (continued)

Investments – Credit quality risk

Credit quality is the risk that the issuer or the counterparty to a debt security will not fulfill its obligation to the District. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not assigned credit quality ratings.

Investments – Custodial credit risk

Custodial credit risk is the risk that, in the event of a failure by the financial institution, the District's deposits may not be returned to it. The District has no deposit policy for custodial risk; however, none of the District's investments were exposed to custodial credit risk, since the pledged securities were in the joint name of the Board or the District and financial institution and held in safekeeping by a third party.

3. Real Estate Escrow Fund

Certain property owners made tax payments under protest which had not been resolved at December 31, 2009, in the amount of \$235,657. As of December 31, 2009, these funds are held in escrow by the City of New Orleans.

4. Property Taxes

On November 17, 1975, the City obtained approval in a referendum for an additional 6-1/2 mills ad valorem tax on property within the District for the calendar years 1976 and 1977.

On October 1, 1977, the City obtained approval in a referendum to authorize the Council of the City of New Orleans to levy provisions of the Louisiana Constitution of 1974 and Subsection 1.I of Louisiana Act No. 124 of 1977 upon all taxable real property for ten years for special improvements, facilities, services, and the issuance of bonds as provided in the said Act, and to ratify the establishment of the District.

On April 7, 2001, pursuant to the Special Election held in accordance with Article VII, Section 23(c) of the 1974 Louisiana Constitution, the registered voters of the City of New Orleans approved the continued authority of the District to levy a property tax not to exceed 22.97 mills for an additional twenty five (25) years beginning with the year 2005 and ending with the year 2029.

In accordance with the State Constitution, the District will maintain its mills on real property at 21.32 mills. Collection has been suspended at 14.76 mills for the year ended December 31, 2009. The District levied 14.76 mills on real property within its area for 2009. Taxes on real property are levied on January 1 and payable on January 1. Billings are delinquent February 1 and are subject to lien and the assessment of penalties and interest. Property taxes levied for 2009, collected during 2009, or expected to be collected in 2010 are recognized as revenues in 2009. Taxes levied for 2010, but collected in 2009, are reflected as deferred revenues.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

4. Property Taxes (Continued)

All property taxes are levied and collected by the City of New Orleans. Taxes collected, and any interests thereon, are to be deposited with the Board to the account of the District.

5. Capital Assets

A summary of changes in capital assets follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance
Office furniture	\$ 90,229	\$ 16,521	\$ -	\$ 106,750
Computer equipment	79,430	5,942	-	85,372
Leasehold improvements	52,594	109,624	-	162,218
Office equipment	31,835	-	-	31,835
Motor vehicles	49,134	-	-	49,134
Public works property	124,800	-	-	124,800
Subtotal	428,022	132,087	-	560,109
Less accumulated	(229,011)	(62,419)	-	(291,430)
Total	\$ 199,011	\$ 69,668	\$ -	\$ 268,679

Depreciation expense was charged to functions as follows:

Administration	\$ 10,109
Marketing and promotions	5,614
Public space operations	27,003
Public safety	12,700
Economic development	6,993
Total	\$ 62,419

6. Due to Primary Government

Because of the integral relationship of transactions between the District and the City of New Orleans, amounts due to the City of New Orleans at December 31, 2009, reflect the net of various transactions to include costs incurred and/or paid but not billed to the City of New Orleans. As of December 31, 2009 the balance due to the City of New Orleans was \$307,939.

7. Deferred Revenues

There was no deferred revenue related to taxes at December 31, 2009.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

8. The Downtown Development District Employee Retirement Plan/Whole Life Insurance

Retirement Plan

In 1993, the District established a defined contribution retirement plan for its employees. The District makes a 5% contribution to eligible employees, regardless of any contribution from employees. All full-time employees twenty-one years of age and over are eligible to participate in the plan. Vesting is over a five year period with 20% vesting per year of service.

The plan's effective date was January 1, 1993. All contributions made to the plan are the property of the plan and the participating employees. Management of the plan's assets includes the ability to establish and amend plan provisions and any costs related to its operations, and is the sole responsibility of the Trustee(s) and the Administrator of the Downtown Development District Employee Retirement Trust - Federal EIN 72-1241070. The District's contribution to the plan in 2009 was \$40,745 which was paid to American United Life for deposit with designated fund agencies who are to manage the investment of the plan's assets.

All of the District's eligible employees participate in the plan. The payroll for covered employees and total payroll for the year ended December 31, 2009, was \$1,151,305

Whole Life Insurance

In conjunction with the development of the above retirement plan, but not a part of that plan, the District in 1993 established an additional benefit in the form of whole life insurance policies for each of its employees. The insurance policies are purchased in the name of and owned by each employee. Quarterly premiums are paid by the District to General American for which First Financial Resources acts as agent. The amount of insurance provided each employee is approximately twice their annual salary. Premiums paid in 2009 by the District for these employee policies total \$51,632.

9. Commitments and Contingencies

Operating Leases

In March 2006, the District leased office space at 201 St. Charles Avenue for the period April 2006 through March 2016. Future minimum rental payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
2010	\$ 111,175
2011	111,917
2012	115,014
2013	116,046
2014	120,008
Thereafter	242,659
Total	<u>\$ 816,819</u>

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

9. Commitments and Contingencies (Continued)

Operating Leases (continued)

Office space rental expenditures were \$113,270 during the year ended December 31, 2009.

Cooperative Endeavor Agreement

Pursuant to a resolution passed by the City Council of New Orleans, dated March 21, 2002, the District executed a participation agreement with Canal Street Development Corporation as amended and restated in the June 16, 2004 Cooperative Endeavor Agreement, to assist, if warranted, certain capital improvements to Canal Street.

The Board of Commissioners for the District adopted a resolution to authorize the June 16, 2004 Cooperative Endeavor Agreement with the City of New Orleans and Canal Street Development Corporation whereas the District has committed to fund approximately \$275,000, from interest earned on funds on hand and to be responsible, on a proportional basis, for certain amounts of the debt service on a revenue bond issue approved by the City Council in an amount not exceed \$12,000,000. Of this amount, the District's portion will not exceed \$2,000,000. As of December 31, 2009, the District has funded \$1,331,194 and is committed to funding the remaining balance of \$668,806 from 2010 – 2013. At December 31, 2009, included in Due to City of New Orleans on the governmental funds balance sheet is \$280,038 relating to this agreement.

10. Litigation

There are matters being litigated to include matters where various parties have brought suits against the District alleging injuries as a result of faults in various properties which the District does not own or maintain. Therefore, the District's management does not feel it has any liability for their injuries nor should they be a party to any of those suits involving properties not owned or maintained by the District. Also, the City of New Orleans in its capacity as the tax collector for various tax bodies including the District has been named as defendants in several pension plan cases. The attorneys for the City of New Orleans have indicated that the cases are being vigorously contested and the likelihood of a favorable outcome is uncertain. As of the report date, it is the opinion of management and counsel that the results of any of the various litigations against the District cannot be determined.

11. Related Parties

Various members of the District's Board of Commissioners are members of the boards of other non-profit organizations that may receive part of their funding for the performance of certain programs from the District. None of these members receive any form of compensation from any of these organizations.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

12. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and material disasters for which the District carries errors and omissions and natural disaster commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

13. Long-term debt

On January 18, 2001, the City Council of the City of New Orleans adopted a resolution approving and authorizing the issuance of bonds in an amount not to exceed \$10,000,000. The proceeds derived from the sale of the bonds were used to finance the cost of capital improvements within the District.

Pursuant to LA. R.S. 33:2740.3, as amended and consequent to voter approval resulting from elections held on April 7, 2001, the District issued \$7,375,000 in bonds. The Downtown Development District Limited Tax Bonds, series 2001, was sold on May 31, 2001, and delivered on July 1, 2001. The bonds are dated July 1, 2001 and due on December 1, 2001 through December 1, 2026.

Payment of principal and interest will be solely from and secured by an irrevocable pledge and dedication of the proceeds derived from the levy and collection of taxes upon all taxable real property located within the boundaries of the District. At December 31, 2009, the Board of Liquidation, City Debt has \$273,869 held in escrow for the payment of future debt service in connection with the bonds issued. The interest rate on the bonds range from 4.20% to 6.60%.

On July 19, 2006, the District and the State of Louisiana entered into a Cooperative Endeavor Agreement whereby the State, through the Gulf Opportunity Zone Act of 2005 and its implementation through Act 41 of the Louisiana Legislature, provided debt assistance in the amount of \$1,600,153 related to the Limited Tax Bonds, series 2001. The debt assistance was due to the disruption of tax bases and revenue streams caused by Hurricanes Katrina and Rita. The agreement matures in twenty years with no principal or interest due during the first five years of the loan. After the expiration of the initial five year period, principal and interest at a rate of 4.64% will be repaid semi-annually over the remaining fifteen year period. At December 31, 2009, the balance owed to the State of Louisiana under the agreement is \$1,600,153.

14. Revenue Concentration

The District's current principal source of revenues consists mainly of property taxes assessed.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

15. Changes in Noncurrent Liabilities

Activity in the District's long-term debt for the year ended December 31, 2009, follows:

<u>Long-Term Debt</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Current Portion</u>
DDD Limited Tax Bonds					
Series 2001	\$ 6,125,000	\$ -	\$ (215,000)	\$ 5,910,000	\$ 225,000
Other long-term liabilities	1,441,694	158,458	-	1,600,152	-
Compensated absences	43,006	-	(1,582)	41,424	41,424
Capital leases	3,745	-	(3,745)	-	-
	<u>\$ 7,613,445</u>	<u>\$ 158,458</u>	<u>\$ (220,327)</u>	<u>\$ 7,551,576</u>	<u>\$ 266,424</u>

Bond debt service requirements to maturity by year are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 225,000	\$ 302,728
2011	235,000	287,878
2012	250,000	272,368
2013	260,000	260,868
2014	275,000	248,648
2015-2019	1,595,000	1,027,630
2020-2024	2,070,000	581,989
2025-2026	1,000,000	77,265
Total	5,910,000	\$ 3,059,374
Less Current Portion	(225,000)	
Non-Current Portion	<u>\$ 5,685,000</u>	

16. Continuing Disclosure Certificate

Appendix "H" Section 4 "Content of Annual Reports" of the "Continuing Disclosure Certificate" executed and delivered by the City of New Orleans and the District dated May 30, 2001, requires the annual audit report of the District contain or incorporate by reference, the following:

Section 4 Part

- c. The total amount of debt the District issued, as well as any debt which has been authorized but not yet issued.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

16. Continuing Disclosure Certificate (Continued)

- d. Any material changes in the assessment procedures and the homestead exemptions for the most recent tax year available from Louisiana Tax Commission. Assessments are reduced to comply with the directions of the Tax Commission Board and Judgments.
- e. The assessed value of taxable property in the District and homestead exemptions of the most recent tax year available from the Louisiana Tax Commission. See Exhibit A.
- f. The assessed value of property by classification for the District for the most recent tax year available from the Louisiana Tax Commission. See Exhibit C.
- g. Update the table included in the Official Statement under the caption "Tax Collection Record". See Exhibit D.
- h. The millage rates at which the tax is levied for the prior year including specifically, the millage that is pledged to the payment of the bonds. Millage rate for 2009 was 14.76 mills.
- i. The ad valorem tax levies and collections of the District for the prior tax year, including specifically, the millage that is pledged to the payment of the bonds. Adjusted taxes levied for 2009 was \$5,600,841 and collections were \$5,325,738.
- j. A listing of the ten largest *ad valorem* taxpayers within the District for the prior tax year. See Exhibit B.
- k. Updated information reflecting the trend of indebtedness of the District.

17. Deferred Charges

At December 31, 2009, deferred charges consisted of the unamortized portion of the bond issuance cost. The following is an analysis:

<u>Description</u>	<u>Amount</u>
Bond Cost As of January 1, 2009	\$ 65,982
Less: Current Year Amortization	<u>(3,750)</u>
	62,232
Current Portion	<u>(3,750)</u>
Non-Current Portion	<u>\$ 58,482</u>

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

18. Levy of Tax Assessment

According to correspondence received from the District's attorney and LA Revised Statute Section 47:1957, there is no express limitation on an assessor's ability to retroactively revise or adjust past assessments. As such a tax assessor may revise or adjust past assessments for as many past years as his/her discretion dictates. To that extent, the *ad valorem* tax revenue for the District will always be subject to retroactive adjustments (positive or recaptive) as in the current year.

19. Per Diem Paid to Board of Commissioners

The Board of Commissioners in their capacity as board members received no per diem amounts for the year ended December 31, 2009.

20. Contingencies – Grant programs

The District participates in state and federal grant programs, including FEMA, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of December 31, 2009 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the District.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
SCHEDULE OF REVENUES AND EXPENSES--BUDGETED AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues:				
Internal sources (concerts, state, federal, etc.)	\$ 1,411,028	\$ 1,037,044	\$ 446,383	\$ (590,661)
Ad valorem taxes	5,006,832	5,028,295	5,091,855	63,560
Total operating revenues	6,417,860	6,065,339	5,538,238	(527,101)
Operating Expenses:				
Administration	879,897	935,565	923,300	(12,265)
Marketing/events	845,107	676,615	509,684	(166,931)
Public space operations	3,136,016	3,047,287	2,394,196	(653,091)
Public safety	1,332,271	1,164,430	1,135,843	(28,587)
Economic development and planning	1,877,225	1,795,220	573,497	(1,221,723)
Capital outlays	-	-	132,087 *	132,087
Total operating expenses	8,070,516	7,619,117	5,668,607	(1,950,510)
Net operating income	(1,652,656)	(1,553,778)	(130,369)	1,423,409
Non-Operating Revenue:				
Interest on bond proceeds	-	5,404	1,475	(3,929)
Total non-operating revenue	-	5,404	1,475	(3,929)
Non-Operating Expenses:				
Canal Street/District-wide capital improvements	-	249,452	280,495	31,043
Total non-operating expense	-	249,452	280,495	31,043
Deficit of revenue over expenditures before other financing uses	(1,652,656)	(1,797,826)	(409,389)	1,388,437
Debt proceeds	538,318	158,459	158,459	-
Operating transfers out	(538,318)	(531,553)	(531,918)	(365)
Net change in fund balances	\$ (1,652,656)	\$ (2,170,920)	\$ (782,848)	\$ 1,388,072

* - Capital outlays budget balance allocated to operating expenses

The accompanying notes are an integral part of the financial statements.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
COMBINING BALANCE SHEET--NONMAJOR GOVERNMENTAL FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Downtown Development Unlimited
	<u> </u>
<u>ASSETS</u>	
Assets	
Cash and temporary cash investments	\$ 6,560
Total assets	<u> \$ 6,560</u>
<u>FUND BALANCE</u>	
Fund Balance	
Undesignated	<u> \$ 6,560</u>
Total fund balance	<u> \$ 6,560</u>

The accompanying notes are an integral part of the financial statements.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE—NONMAJOR GOVERNMENTAL FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Downtown Development Unlimited
Revenue:	
Interest on cash and temporary cash investments	\$ 4
Total revenue	4
Expenditures:	
Administration	201
Total expenditures	201
Deficit of revenue over expenditures	(197)
Fund balance:	
Beginning of year	6,757
End of year	\$ 6,560

The accompanying notes are an integral part of the financial statements.

EXHIBIT A**DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS****ASSESSED VALUE OF TAXABLE PROPERTY IN
THE DISTRICT AND HOMESTEAD EXEMPTION
2009 TAX ROLLS
(UNAUDITED)**

<u>District</u>	<u>Real Property</u>	<u>Homestead Exemption</u>
0	\$ 6,150,250	\$ -
1	\$ 341,360,480	\$ 4,622,020
2	\$ 40,183,360	\$ 7,500

*The assessed value and homestead exemption covers Downtown Development Districts' portion.
District 0 includes all public service rolls.

SOURCE: City of New Orleans, Department of Finance, Bureau of the Treasury

See independent auditors' report on supplementary information.

EXHIBIT B**DOWNTOWN DEVELOPMENT DISTRICT OF**
THE CITY OF NEW ORLEANS**TEN LARGEST AD VALOREM TAXPAYERS**
2009 TAX YEAR
(UNAUDITED)

<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>
Entergy Service	Electric and gas utilities	\$ 70,461,810
BellSouth Telecommunications	Telephone utilities	58,463,976
Harrah's	Hospitality and gaming	42,809,120
Capital One/Hibernia Bank	Financial institution	39,140,930
Whitney National Bank	Financial institution	36,091,150
J P Morgan Chase Bank	Financial institution	19,728,650
International River Center	Hospitality	17,466,490
Marriott Hotel Properties	Real Estate	16,096,314
Poydras Properties	Real Estate	12,827,310
Hertz Properties	Real Estate	11,884,180
Total		<u>\$ 324,969,930</u>

SOURCE: City of New Orleans, Department of Finance, Bureau of the Treasury

See independent auditors' report on supplementary information.

EXHIBIT C

DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS

ASSESSED VALUE OF PROPERTY BY
 CLASSIFICATION FOR THE DISTRICT
 2009
 (UNAUDITED)

	(0)	District (1)	(2)
Land assessment	\$ 1,452,970	\$ 70,212,740	\$ 6,948,360
Improvement assessment	4,697,280	271,147,740	33,235,000
Sub-total	<u>6,150,250</u>	<u>341,360,480</u>	<u>40,183,360</u>
Less: Homestead exemption	<u>-</u>	<u>4,622,020</u>	<u>7,500</u>
Net taxable	<u>\$ 6,150,250</u>	<u>\$ 336,738,460</u>	<u>\$ 40,175,860</u>

*The net taxable value covers the Downtown Development District's portion and not the respective districts in their entirety. District 0 includes all public service rolls.

SOURCE: City of New Orleans, Department of Finance, Bureau of the Treasury

See independent auditors' report on supplementary information.

EXHIBIT D

DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS

TAX COLLECTION RECORD
(UNAUDITED)

<u>Year</u>	<u>Current Year</u>	<u>Prior Year</u>	<u>Interest on Taxes</u>	<u>Total</u>	<u>Millage Rate</u>
1978	\$ 857,019	\$ 28,749	\$ 2,045	\$ 887,813	12.27
1979	1,154,605	241,626	3,908	1,400,139	12.23
1980	1,738,354	112,448	11,806	1,862,608	18.25
1981	2,140,646	151,614	20,034	2,312,294	18.25
1982	2,205,412	33,592	8,216	2,247,220	18.25
1983	2,345,491	143,867	33,376	2,522,734	18.25
1984	2,730,843	65,993	17,863	2,814,699	18.25
1985	3,213,064	40,796	19,490	3,273,350	18.25
1986	3,427,472	53,246	25,039	3,505,757	18.25
1987	2,108,025	68,618	30,354	2,206,997	12.50
1988	2,793,249	1,225,154	29,995	4,048,398	12.50
1989	2,892,817	99,422	23,646	3,015,885	13.24
1990	3,192,729	114,197	39,121	3,346,047	13.24
1991	3,059,756	354,670	29,736	3,444,162	13.24
1992	3,320,629	1,298,382	11,538	4,630,549	15.68
1993	3,462,223	356,608	18,862	3,837,693	16.85
1994	3,332,816	147,208	18,401	3,498,425	16.85
1995	3,180,789	228,410	10,371	3,419,570	16.85
1996	3,213,419	50,670	2,406	3,266,495	16.85
1997	3,150,955	166,817	792	3,318,564	15.90
1998	3,374,587	320,984	7,865	3,703,436	15.90
1999	3,688,899	80,215	2,177	3,771,291	15.90
2000	4,382,770	294,961	1,415	4,679,146	15.90
2001	4,699,156	204,893	761	4,904,810	15.90
2002	4,613,357	172,110	1,304	4,786,771	15.90
2003	4,657,083	(130,458)	9,172	4,535,797	15.90
2004	5,011,230	162,949	-	5,174,179	15.90
2005	4,919,385	60,373	77,169	5,056,927	15.90
2006	4,283,983	85,891	105,490	4,475,364	15.90
2007	4,951,294	618,680	283,801	5,853,775	15.90
2008	4,510,611	130,587	252,724	4,893,922	14.76
2009	4,983,921	339,139	-	5,323,060	14.76

SOURCE: Annual Reports, Board of Liquidation.

See independent auditors' report on supplementary information.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Finance Committee of the
Board of Commissioners of
The Downtown Development District of the City of New Orleans

We have audited the financial statements of The Downtown Development District of the City of New Orleans (the District) as of and for the year ended December 31, 2009, and have issued our report thereon dated June 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying summary schedule of findings, we identified a certain deficiency in internal control over financial reporting that we consider to be a *material weakness* and another deficiency that we consider to be a *significant deficiency*.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying summary schedule of findings (indexed as 2009-2) to be a material weakness.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying summary schedule of findings (indexed as 2009-1) to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards, which is described in the accompanying schedule of findings and questioned costs as item 2009-3.

The District's responses to the findings identified in our audit are described in the accompanying summary schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Finance Committee, Board of Commissioners, management, the City of New Orleans, the Legislative Auditor for the State of Louisiana and the United States Department of Housing and Urban Development and is not intended to, and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite + Netterville

New Orleans, Louisiana
June 30, 2010

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal Control Other Financial Reporting:

- Material weakness(es) identified Yes
- Significant Deficiency(s) identified
that are not considered to be material
weaknesses? Yes

Noncompliance material to financial
statements noted: No

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) identified? N/A
- Significant Deficiency(s) identified
that are not considered to be material
weaknesses? N/A

Type of auditor's report issued on compliance
for major programs. N/A

Any audit findings disclosed that are
required to be reported in accordance with
section 510(a) of Circular A-133? N/A

Identification of Major Programs:

Dollar threshold used to distinguish between Type A and Type B Programs: N/A

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? N/A

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

Section II: Financial Statement Findings

Communications with the City of New Orleans
Reference Number 2009-1

Criteria

The management of the District should have direct and frequent communications with the City of New Orleans in order to obtain a correct accounting of the ad valorem taxes received from the City of New Orleans on a timely basis.

Condition

The District has for several years had difficulty obtaining timely and accurate information from the City of New Orleans in connection with its share of ad valorem tax assessments, collections, and disbursements. This information for 2009 was received in June 2010.

Cause

The City of New Orleans has not implemented a system to facility the timely reporting of ad valorem tax information to the District's accounting department.

Effect

The inability of the District to receive timely information regarding ad valorem taxes from the City of New Orleans resulted in the District making financial decisions without an accurate accounting of ad valorem tax revenue.

Recommendation

It is recommended that the management of the District have continuous dialogue with the City of New Orleans administrators in order to obtain ad valorem tax information and other information from the City of New Orleans on a timely basis.

Management's Response

Despite continuing efforts on the part of management of the District, this matter has still not been resolved. Management and the Board Members of the District met with the Chairwoman of the City Council Budget Committee during 2009 and were assured that she would attempt to influence the City Administration to resolve the issue. District staff subsequently followed up with the Budget Chair on several occasions. Management of the District is in the process of engaging the new City Administration to resolve this matter.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

Section II: Financial Statement Findings (Continued)

Accounts Payable
Reference Number 2009-2

Criteria

The District should have systems of internal accounting control which ensures the basic financial statements are presented in accordance with U.S. generally accepted accounting principles on a timely basis.

Condition

The District does not have adequate processes and internal controls in place to ensure accounts payable were properly reconciled and expenditures were reported in the proper period.

Context

During our audit we noted that accounts payable were not properly reconciled at December 31, 2009.

Cause

The District has not performed sufficient procedures to ensure that accounts payable and expenditures are properly and timely recorded in the financial statements.

Effect

The District recorded material adjustments to properly reflect accounts payable after year end.

Recommendation

The District should implement procedures and controls to ensure accounts payable are properly recorded at year-end. The District should prepare monthly account reconciliations to enable timely preparation of financial statements.

Management's Response

Management concurs with the finding and has improved existing procedures to prepare monthly reconciliations for all significant balance sheet accounts. The President and CEO will periodically review the reconciliations for significant accounts to ensure completion of the reconciliations and agreement to the general ledger. This review will be documented.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

Section II: Financial Statement Findings (Continued)

Budget

Reference Number 2009-3

Criteria

LSA-RS 39:1311 provides that the adopted budget shall form the framework for which the administrative officers to monitor revenues and expenditures. The budget shall be amended and approved by the Board of Commissioners when total revenue and other sources are failing to meet total budgeted revenues and other sources by five percent or more.

Condition

The District has actual revenues of \$5,538,238 and budgeted operating revenues of \$6,065,339 during the year ended December 31, 2009. The actual revenues failed to meet the total budgeted revenues by 9.50% which exceeds the state requirement of 5%.

Cause

The budget was not amended for consideration of budgeted revenues that were not received.

Effect

The District was not compliant with the required state statute.

Recommendation

The District should amend the annual budget when significant budgeted revenues are not expected to be received or when significant unbudgeted expenditures are incurred.

Management's Response

We concur with the finding and will amend the budget as needed for future years.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

Section III: Federal Award Findings and Questioned Costs

No federal award findings and questioned costs were reported for the year ended December 31, 2009.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

Section IV: Status of Prior Year Findings

Reference Number 2008-1, 2007-1, and 2006-1

Criteria

The management of the District should have direct and frequent communications with the City of New Orleans in order to obtain a correct accounting of the ad valorem taxes received from the City of New Orleans on a timely basis.

Condition

The District has for several years had difficulty obtaining timely and accurate information from the City of New Orleans in connection with its share of ad valorem tax assessments, collections, and disbursements. This information for 2008 was not received until June of 2009.

Cause

The City of New Orleans has not implemented a system to facility the timely reporting of ad valorem tax information to the District's accounting department.

Effect

The inability of the District to receive timely information regarding ad valorem taxes from the City of New Orleans resulted in the District making financial decisions without an accurate accounting of ad valorem tax revenue and caused a delay in the issuance of the financial statements to the Louisiana Legislative Auditor.

Recommendation

It is recommended that the management of the District have continuous dialogue with the City of New Orleans administrators in order to obtain ad valorem tax information and other information from the City of New Orleans on a timely basis.

Status

This comment is not resolved. See current year comment at 2009-1.

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS
FOR THE YEAR ENDED DECEMBER 31, 2009

An exit conference was held June 28, 2010 with representatives of the District. The contents of this report were discussed and management is in agreement. Those persons that participated are as follows:

THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS

Ron E Gardner	-- Chairperson, Board of Commissioners
Jade Brown-Russell	-- Vice-Chairperson, Board of Commissioners
Carla Major	-- Secretary/Treasurer, Board of Commissioners
Tracie Boutte	-- Immediate Past Chairperson, Board of Commissioners
Tod Chambers	-- Commissioner
Karyn Kearney	-- Commissioner
Barbara Motely	-- Commissioner
Kurt Weigle	-- President & CEO
Anthony Carter	-- Director of Finance and Administration
William Aaron	-- Legal Counsel

POSTLETHWAITE & NETTERVILLE, APAC

Todd Tournillon, CPA – Director